

**COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH**

**F A C T   S H E E T**

**APPROVAL TO DISBURSE PROVISIONAL PAYMENTS TO FEE-FOR-SERVICES  
NETWORK PROVIDERS OF SPECIALTY MENTAL HEALTH SERVICES FOR  
FISCAL YEARS 2006-07, 2007-08, AND 2008-09  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**REQUEST**

Approve and instruct the Director of Mental Health or his designee to prepare, sign and execute amendments to provide for the continued disbursement of provisional payments to the Department of Mental Health (DMH) Fee-For-Service Network Providers of Specialty Mental Health Services (FFS) to Medi-Cal eligible beneficiaries of Los Angeles County. Provisional payments to the providers will ensure that they are reimbursed while DMH continues its efforts to restructure its adjudication process in order to generate payments to providers based on State Adjudication. The Amendment will be effective July 1, 2006, for Fiscal Years (FYs) 2006-07, 2007-08, and 2008-09, or until the adjudication process is restructured, whichever comes first.

**PURPOSE/JUSTIFICATION**

The Board's approval of contract amendments with FFS Network Providers will allow DMH to continue provisional payments to FFS Network Providers in FYs 2006-07, 2007-08, and 2008-09 pending DMH's restructuring of its adjudication process in order to generate payments to providers based on State adjudication. A report documenting the requirements for restructuring of the adjudication process was approved by the Chief Information Office Bureau on February 14, 2007. A six-week development phase of the Integrated System (IS) occurred through March 29, 2007. The testing phase immediately followed and continues with a proposed duration through early August 2007. If the testing phase is successful, provisional payments to providers and these amendments will terminate and the IS will proceed into implementation of payment to providers based upon State adjudication.

**BACKGROUND**

Beginning June 1, 1998, upon Board approval of DMH serving as the Local Mental Health Plan (LMHP) of the Phase II Medi-Cal Mental Health Consolidation, DMH entered into contractual agreements with individual, group, and organizational FFS Network Providers who met State and LMHP credentialing standards.

To comply with the Health Insurance Portability and Accountability Act (HIPAA), DMH implemented a claiming system the IS in October 2003, which receives electronic claiming transactions in the format required under HIPAA rules. Delays in DMH's ability to successfully transmit FFS Network Providers HIPAA-compliant electronic claims to the State resulted in late payments to providers.

FFS Network Providers submitted complaints to the Board of Supervisors that payments for services delivered were untimely and that the delays were causing these providers financial hardship. On February 17, 2004, the Board approved a motion directing the Auditor-Controller, County Counsel, and DMH to report back with recommendations to develop a provisional payment schedule for FFS Network Providers until DMH's IS was fully functional.

On March 30, 2004, the Board approved a contract amendment to the Medi-Cal Professional Services Agreement authorizing provisional payments to FFS Network Providers to reduce reimbursement wait time until an acceptable automated process could be implemented to assure that payments to providers would be based on State adjudication that is processed consistently, accurately, and timely.

However, the language was not incorporated into the Medi-Cal Professional Services Agreement that was renewed effective July 1, 2006. Therefore, the effective date of this amendment to continue provisional payments is requested to be July 1, 2006, for FYs 2006-07, 2007-08, and 2008-09, or until the adjudication process is restructured, whichever comes first.

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